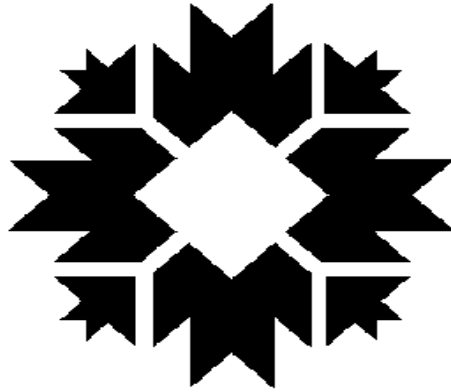


City of Bloomington



Tax Abatement Program

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City of Bloomington

Property Tax Abatement Program

Program Description:

Indiana Law (I.C. 6-1.1-12.1) allows a three (3), six (6), or ten (10) year abatement on the increased assessed valuation due to construction or rehabilitation improvements in the areas of the city where development needs to be encouraged. This has the effect of substantially reducing the property taxes that would otherwise be paid on such improvements. Indiana law also allows a five or ten year deduction for any new manufacturing equipment installed before January 1, 1994. The equipment must be used in “the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining or finishing or other tangible personal property; and never before used by its owner for any purpose in Indiana.”

Under this law the Bloomington Common Council designates specific properties of the city as “Economic Revitalization Areas”. An Economic Revitalization Area must have “...become undesirable for or impossible of, normal development and occupancy,” because of such factors as “cessation of growth, existence of substandard or obsolete structures and deterioration of character of occupancy” for property, and “includes any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues” for new manufacturing equipment.

New construction or rehabilitation of existing buildings within designed Economic Revitalization Areas receive tax abatement through reduced assessed valuation on the improvements based on the following schedule. With respect to new construction, the City Council may choose to limit the dollar amount of the deduction that will be allowed.

(1) For deduction allowed over a three (3) year period:

Year of Deduction	Percentage
1 st	100%
2 nd	66%
3 rd	33%

(2) For deductions allowed over a six (6) year period:

Year of Deduction	Percentage
1 st	100%
2 nd	85%
3 rd	66%
4 th	50%
5 th	34%
6 th	17%

(3) For deductions allowed over a ten (10) year period:

Year of Deduction	Percentage
1 st	100%
2 nd	95%
3 rd	80%
4 th	65%
5 th	50%
6 th	40%
7 th	30%
8 th	20%
9 th	10%
10 th	5%

Equipment - For new Manufacturing Equipment installed within designated Economic Revitalization Area, the deductions allowed are as follows:

Year of Deduction	5-yr. Percentage	10-yr. Percentage
1 st	100%	100%
2 nd	80%	90%
3 rd	60%	80%
4 th	40%	70%
5 th	20%	60%
6 th		50%
7 th		40%
8 th		30%
9 th		20%
10 th		10%

With respect to manufacturing equipment, the City Council may choose to limit the dollar amount of the deduction that will be allowed.

Definitions:

“Multi-family housing” means a building or buildings containing more than one dwelling unit, designed for occupancy by one household per dwelling unit, and in which the residents lease their dwelling unit from the owner of the building.

“Condominium housing” means a building or buildings organized as a condominium pursuant to the Indiana Horizontal Property Law, IC 32-1-6, and containing more than one dwelling unit, designed for occupancy by one household per dwelling unit, and in which the dwelling units are individually owned.

“Single family housing” means a building accommodating no more than one dwelling unit, designed for occupancy by a single household.

Project Eligibility

Decisions to designate areas as Economic Revitalization Areas are determined on a project-by-project basis for any project located within the corporate limits of the City of Bloomington. Each project is reviewed on its own merits and the effect of each project on the revitalization of the surrounding areas and employment is considered.

Tax Abatement will primarily be awarded in one of four geographic areas within the city which have been identified as areas which have suffered slow growth and deterioration of improvements in the Redevelopment Department's Community Development and Housing Plan. In assessing the revitalization needed of the areas, several goals and objectives were cited, including: to encourage retention of existing businesses and expand employment opportunities; to encourage the rehabilitation, preservation, and restoration of historic properties; to promote housing opportunities and economic development activities within the downtown; and to utilize vacant land for new development.

The four areas are the Westside Area bounded by 17th Street to the North, Rogers Street to the East, Grimes Lane on the South, and a course boundary of Walker Street, Adams Street and Spring Street on the West; the Miller Drive Area bounded by Henderson on the West, Hillside on the North, Maxwell on the East and Miller Drive and Short Street on the South; the South Central Area bounded by Second Street on the North, Walnut Street on the West, Vermilya to the South, and in irregular boundary of Fess, Henderson, Stull, and Park to Park to the East. The fourth area Downtown is divided into Subareas A, B, and C, with the following boundaries:

Subarea A included only the downtown business zoning district (BD zone)

Subarea B Area bounded by the following street; Beginning at the southeast corner of Tenth and Rogers Sts., then east on Tenth St. to the north-south alley between Walnut and Washington Sts., then south along the alley to Eighth St., then East on Eighth St. to Grant St., then south on Grant St. to Sixth St., then east on Sixth St. to Indiana Ave., then south on Indiana Ave. to Smith Ave., then west on Smith Ave. to the north-south alley between Dunn and Grant Sts., then south along the alley to Second St., then west on Second St. to Rogers St., then north on Rogers St. to Howe St., then east on Howe St. to Madison St., then on Madison to Third east on Howe St., then west on Third St. to Rogers St. then north on Rogers St. to Tenth St. The downtown Business (BD) zoning district is excluded from this area.

Subarea C bounded as follows; The Prospect Hills area bounded by Rogers St. on the west, Howe St. on the south, Madison St. on the east, and third St. on the north. The University Courts area bounded by Tenth St. on the north, Indiana Ave. on the east, and following Sixth St. west to Grant, then north on Grant to Eighth St., then west on Eighth St. to the north-south alley between Washington and Walnut, and then north along the alley to Tenth St. The south Dunn St. area

bounded by Third St. on the north, Henderson St. on the east, Second St. on the south, and the north-south alley between Dunn and Grant Sts. on the West.

**Guidelines To Be Used By The Economic Development Commission in
Recommending Terms for Tax Abatement**

	Downtown Subarea A	Downtown Subarea B	Downtown Subarea C	Miller Drive South Central Westside	Other Areas of the City
Single Family or Condominium housing in Economic Development Target Areas	10 Above first floor only	10	10	3	0
Multi-family housing 20% affordable housing	10 Above first floor only	10	0	3	0
Industry/ Manufacturing	0	6	0	0	6
Industry/ Manufacturing Equipment	0	5	0	0	5
Office space 5,000 sq. ft. minimum	3	3	0	0	0
Retail in EDTA only	3	3	0	0	0
Hotel/ Convention	10	10	0	0	0

** Terms may be increased (ex: from 0 to 3 years) or decreased (ex: from 6 to 3 years) at the discretion of the reviewing bodies based on such factors as the following:

Increase

1. Well-compensated permanent jobs will be created for residents of the city.
Compensation may include wages and benefits as childcare.
2. If project is a housing development, at least 50% of the units will be set aside and be affordable (HUD Fair Market rent) for low income to moderate income individuals.(0-80% area median income)
3. A historic building is rehabbed according to the Secretary of the Interior Standards.
4. Project provides a major public infrastructure improvement paid by the developer.
5. The project is located in the downtown area.
6. If the project is a housing development the units are handicap accessible, and/or the units are designed for occupancy by senior citizens.

Decrease

1. The density of the area is increased by the project, except in the Downtown areas.
2. Historic buildings are not rehabilitated according to the Secretary of the Interiors Standards. Determinations on rehab standards shall be made by the City Historic Preservation Officer, following the guidelines established by the Department of the Interior, and may be appealed to the local Historic Buildings and Study Commission.
3. Project requires major public infrastructure improvements requiring additional cost to the city
4. Project is not consistent with long range plans for the area.

Ineligible Projects

Projects will not be considered if a building permit has already been obtained or construction has been initiated. This is because the decision of the Council to designate the Economic Revitalization Area must be based upon the finding that the area is “undesirable for normal development.”

Projects that involve the demolition or removal of structures listed on the local Historic Register, or eligible for individual listing on the National Historic Register, or that are contributing structures within a nationally or locally designated historic district will not be considered for tax abatement. This is to encourage preservation of the cultural heritage of the community. Determinations on eligibility shall be made by the City Historic Preservation Officer, following the guidelines established by the Department of the Interior, and may be appealed to the local Historic Buildings and Study Commission.

The City Council has the right to void the tax abatement designation awarded to a project if the project has not been initiated within twelve (12) months of the reconfirmation date of the tax abatement resolution, or if the actual use is different than that approved.

Tax Abatement for the rehabilitation or development of real property is not eligible for the following types of facilities:

1. Private or Commercial golf courses.
2. Country Club.
3. Massage Parlor.
4. Tennis Club.
5. Skating facility (including roller-skating, skateboarding, or ice-skating).
6. Racquet Sport facility (including handball or racquetball court).
7. Hot tub facility.
8. Suntan facility.
9. Racetrack.
10. Any facility the primary purpose for which is:
 - A. retail food and beverage service;
 - B. automobile sales or service; or
 - C. other retail;unless the facility is located in an economic development target area as established by the Bloomington Economic Development Commission.
11. Residential, unless the facility is a multi-family facility that contains at east twenty percent (20%) of the units available for use by low to moderate income individuals or unless the facility is located in an economic development target area established under section 7 of Indiana statute (I.C. 6-1.1-12.1-7).

Application Review and Procedure

The application along with a \$100.00 application fee must be submitted by the property owner(s) to the Office of the Mayor.

The application fee is non-refundable. The applicant should prepare a statement which provides the information requested on the attached application form.

The application is reviewed by the Planning Department for compliance with zoning regulations and processed by the Economic Development staff with a recommendation for approval or denial to the Economic Development Commission based in the attached guideline chart. If applicable, the application is also processed by the Legal Department Staff, with a report to the Economic Development Commission who approve or deny designation as an Economic Development Target Area. The applicant should plan to the Economic Development Commission Meeting.

The application is then submitted to the City Council for final approval and the applicant should plan to attend. The applicant does, however, have the right to proceed to the City Council for approval of the ERA even if the Economic Development Commission denies the request except as provided in the City Council resolution 85-15 which states Economic Development Commission approval is necessary before proceeding to City Council.

Executive Assistant for Economic Development shall prepare a written report on the application, which shall include:

1. Whether the property meets the statutory requirement for designation as an ERA;
2. If proposed development will require and City expenditures;
3. Estimated yearly amount of property tax to be abated, as well as estimated amount of tax that will be paid by the new development over the course of the term of abatement. Compare this to the taxes that would be generated by the property without the proposed development over the course of the term of abatement.
4. If granting of ERA would be in accordance with existing City policies.

The report shall contain a staff recommendation to the Economic Development Commission for approval or disapproval of the designation including the term of the abatement. In determining the term of the abatement (3, 5, 6, or 10 years), the attached chart will be used as a guide.

Redevelopment and Council Approval

Executive Assistant for Economic Development shall present the application, map/plats, and report to the Economic Development Commission for its consideration. The applicant shall receive notification of the Commission's next meeting date. The Economic Development Commission shall recommend to the City of Bloomington Common Council approval or rejection of the application and the term of the abatement that should be granted.

1. The resolution of the Economic Development Commission accompanied with the application, map/plats, and the reports from the Planning and Executive Assistant for Economic Development be forwarded to the Common Council Office for the placement upon the Council's calendar.
2. The application will be reviewed at the next Common Council Committee meeting.
3. The Common Council will approve or disapprove the application submitted for the "Economic Revitalization Area" designation at the next following Common Council Meeting. The Common Council will also designate the term of the abatement for three, five, six, or ten years as required by law. The approval shall be based on the applicants Statement of Benefits from (SB-1) which shall include:
 - A. A description of the proposed redevelopment or rehabilitation.
 - B. An estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the redevelopment or rehabilitation and an estimate of the annual salaries of these individuals.
 - C. An estimate of the Value of the redevelopment or rehabilitation.

The designating body shall review the statement of benefits and shall determine whether an area should be designated an economic revitalization area and whether a deduction should be allowed. This review shall be based on the following findings:

- A. Whether the estimate of the value of the redevelopment or rehabilitation is reasonable for the projects of that nature.
- B. Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described redevelopment or rehabilitation.
- C. Whether the estimate of the annual salaries of these individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described redevelopment or rehabilitation.
- D. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed described redevelopment or rehabilitation.
- E. Whether the totality of the benefits is sufficient to justify the deduction.

The City Council may not designate an area an economic revitalization area or approve a deduction unless the findings listed above are made in the affirmative.

- 4. If the application is approved by the Common Council, the City Clerk shall:
 - A. Certify a copy of the resolution and the application to the Monroe County Assessor and Auditor's Office;
 - B. Publish a legal notice to inform interested parties that the tax abatement application is available for inspection at the Assessor's Office;
 - C. Set a meeting date, at which time the Common Council shall hear all remonstrances and objections to the area being designated an "Economic Revitalization Area".
- 5. The Common Council shall hold a regular meeting and vote on a resolution confirming, modifying, or rescinding the earlier approved resolution.

Actions After Common Council Approval

- 1. Upon approval of the confirming resolution, the City Clerk shall certify a copy of the confirming resolution and the application to the Applicant, the Monroe County Assessor and Auditor's Office.
- 2. After Receipt of the Confirming Resolution, the Applicant is advised to consult with the County Auditor concerning the application procedure required on the property after designation as an Economic Revitalization Area.(State of Indiana Form 322)
- 3. After filing of the abatement with the County Auditor the Applicant is required to complete on a yearly basis a Compliance with Statement of Benefits Form (Form CF-1) with the County Auditor and with the City Council. For real estate this form is required to be filed within 60 days after the end of the year in which the deduction is

applicable. For machinery the form must be filed along with Form 322 ERA/PP between March 1 and May 15 of each year.

4. The compliance with Statement of Benefits Form is used by the designating body to review compliance with the benefits promised on the Statement of Benefits Form. If said Compliance Form is not filed, or the benefits promised are not materialized the designating body may rescind the remaining term of abatement.